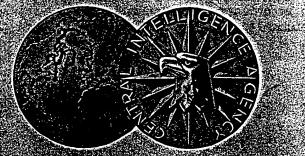
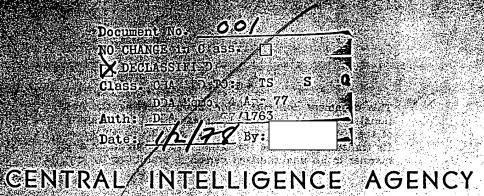


WEEKLY SUMMARY



2 2 OCT 1948



EASTERN EUROPE

A Kremlin decision to impose a blockade of Vienna is not likely during UN discussions on the Berlin question. Such a decision will await further development of East-West relations and will depend primarily on the Kremlin's estimate of US susceptibility to further pressure and secondarily on the Kremlin's evaluation of the probable effect of a blockade of Vienna on Soviet objectives in Austria. Indefinite continuation of the East-West impasse may induce the USSR to disregard completely the possible consequences of further Soviet aggression and to extend its blockade to Vienna. The immediate objective of such a move would be to force the western powers out of the city. Such a maneuver would also reflect the Kremlin's intention to freeze the present line dividing Europe, to partition Austria, and to eliminate western political influence east of these lines. Although a temporary settlement of the Berlin dispute would tend to reduce the likelihood of a Soviet blockade of Vienna, the threat of a blockade would continue in the background until basic, overall East-West differences had been settled. Moreover, this threat will exist until the Kremlin decides that its objectives in Austria can be best achieved through successful conclusion of the Austrian treaty and withdrawal of allied occupation forces.

YUGOSLAVIA

Soviet-directed Satellite political moves against Yugo-slavia have deepened the Tito-Cominform rift, although the USSR apparently does not intend to interfere with Yugoslavia's economic relations with the East. Poland has recently recalled its cultural group from Yugoslavia and the Yugoslav Peoples' Front Party has been dissolved in Bulgaria. Meanwhile, the Yugoslavs have countered by recalling students from Poland and by renewed press attacks against the Cominform countries. Despite this mounting political tension, the USSR and its Satellites are maintaining trade relations with Yugoslavia in an



TUGOSLAVIA

attempt to continue to receive the advantages of Yugoslav trade and to prevent the development of economic ties between Yugoslavia and the West. Negotiations for a new Soviet-Yugoslav trade agreement are proceeding in Moscow, and the Poles apparently intend to renew their trade agreement with Yugoslavia in November.

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SECRET